

## Federal Housing Finance Board

## § 951.15

(iv) The Bank's annual financial report for the preceding year, if available, and the Bank's most recent quarterly and monthly financial statements and any other financial data the Bank wishes the Finance Board to consider.

(b) *Board of Directors review of application for temporary suspension*—(1) *Determination of financial instability*. In determining the financial instability of a Bank, the Board of Directors shall consider such factors as:

- (i) Whether the Bank's earnings are severely depressed;
- (ii) Whether there has been a substantial decline in the Bank's membership capital; and
- (iii) Whether there has been a substantial reduction in the Bank's advances outstanding.

(2) *Limitations on grounds for suspension*. The Board of Directors shall disapprove an application for a temporary suspension if it determines that the Bank's reduction in earnings is a result of:

- (i) A change in the terms of advances to members which is not justified by market conditions;
- (ii) Inordinate operating and administrative expenses; or
- (iii) Mismanagement.

(c) *Board of Directors decision*. The Board of Directors' decision shall be in writing and shall be accompanied by specific findings and reasons for its action. If the Board of Directors approves a Bank's application for a temporary suspension, the Board of Directors' written decision shall specify the period of time such suspension shall remain in effect.

(d) *Monitoring*. During the term of a temporary suspension approved by the Board of Directors, the affected Bank shall provide to the Board of Directors such financial reports as the Board of Directors shall require to monitor the financial condition of the Bank.

(e) *Termination of suspension*. If, prior to the conclusion of the temporary suspension period, the Board of Directors determines that the Bank has returned to a position of financial stability, the Board of Directors may, upon written notice to the Bank, terminate the temporary suspension.

(f) *Application for extension of temporary suspension period*. If a Bank's

board of directors determines that the Bank has not returned to, or is not likely to return to, a position of financial stability at the conclusion of the temporary suspension period, the Bank may apply in writing for an extension of the temporary suspension period, stating the grounds for such extension.

[62 FR 41828, Aug. 4, 1997, as amended at 65 FR 8264, Feb. 18, 2000]

### § 951.15 Affordable Housing Reserve Fund.

(a) *Reserve Fund*—(1) *Deposits*. If a Bank fails to use or commit the full amount it is required to contribute to the Program in any year pursuant to § 951.2, 90 percent of the unused or uncommitted amount shall be deposited by the Bank in an Affordable Housing Reserve Fund established and administered by the Finance Board. The remaining 10 percent of the unused and uncommitted amount retained by the Bank should be fully used or committed by the Bank during the following year, and any remaining portion must be deposited in the Affordable Housing Reserve Fund.

(2) *Use or commitment of funds*. Approval of applications for AHP subsidies sufficient to exhaust the amount a Bank is required to contribute pursuant to § 951.2 shall constitute use or commitment of funds. Amounts remaining unused or uncommitted at year-end are deemed to be used or committed if, in combination with AHP subsidies that have been returned to the Bank or de-committed from canceled projects, they are insufficient to fund:

- (i) The next highest scoring AHP application in the Bank's final funding period of the year for its competitive application program; or
- (ii) Pending applications for funds under the Bank's homeownership set-aside programs;
- (iii) Project modifications approved by the Bank pursuant to the requirements of this part.

(3) *Carryover of insufficient amounts*. Such insufficient amounts as described in paragraph (a)(2) of this section shall be carried over for use or commitment in the following year in the Bank's competitive application program or homeownership set-aside programs.

## § 951.16

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(b) *Annual statement.* By January 15 of each year, each Bank shall provide to the Finance Board a statement indicating the amount of unused and uncommitted funds from the prior year, if any, which will be deposited in the Affordable Housing Reserve Fund.

(c) *Annual notification.* By January 31 of each year, the Finance Board shall notify the Banks of the total amount of funds, if any, available in the Affordable Housing Reserve Fund.

[62 FR 41828, Aug. 4, 1997, as amended at 65 FR 5419, Feb. 4, 2000; 65 FR 8264, Feb. 18, 2000; 66 FR 50302, Oct. 3, 2001; 70 FR 9511, Feb. 28, 2005]

### § 951.16 Application to existing AHP projects.

The requirements of section 10(j) of the Act (12 U.S.C. 1430(j)) and the provisions of this part, as amended, are incorporated into all agreements between Banks, members, sponsors, or owners receiving AHP subsidies. To the extent the requirements of this part are amended from time to time, such agreements are deemed to incorporate the amendments to conform to any new requirements of this part. No amendment to this part shall affect the legality of actions taken prior to the effective date of such amendment.

[62 FR 41828, Aug. 4, 1997, as amended at 67 FR 12852, Mar. 20, 2002]

## PART 952—COMMUNITY INVESTMENT CASH ADVANCE PROGRAMS

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AUTHORITY: 12 U.S.C. 1422b(a)(1), 1430.

SOURCE: 63 FR 65546, Nov. 27, 1998, unless otherwise noted. Redesignated at 65 FR 8256, Feb. 18, 2000.

### § 952.1 Definitions.

As used in this part:

*Champion Community* means a community which developed a strategic plan and applied for designation by ei-

ther the Secretary of HUD or the Secretary of the USDA as an Empowerment Zone or Enterprise Community, but was designated a Champion Community.

*CICA program* or *Community Investment Cash Advance program* means:

(1) A Bank's AHP;

(2) A Bank's CIP;

(3) A Bank's RDF program or UDF program using any combination of the targeted beneficiaries and targeted income levels specified in § 952.1 of this part; and

(4) Any other advance or grant program offered by a Bank using targeted beneficiaries and targeted income levels other than those specified in § 952.1 of this part, established by the Bank with the prior approval of the Finance Board.

*Economic development projects* means:

(1) Commercial, industrial, manufacturing, social service, and public facility projects and activities; and

(2) Public or private infrastructure projects, such as roads, utilities, and sewers.

*Family* means one or more persons living in the same dwelling unit.

*Housing projects* means projects or activities that involve the purchase, construction, rehabilitation or refinancing (subject to § 952.5(c) of this part) of, or predevelopment financing for:

(1) Individual owner-occupied housing units, each of which is purchased or owned by a family with an income at or below the targeted income level;

(2) Projects involving multiple units of owner-occupied housing in which at least 51% of the units are owned or are intended to be purchased by families with incomes at or below the targeted income level;

(3) Rental housing where at least 51% of the units in the project are occupied by, or the rents are affordable to, families with incomes at or below the targeted income level; or

(4) Manufactured housing parks where:

(i) At least 51% of the units in the project are occupied by, or the rents are affordable to, families with incomes at or below the targeted income level; or